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18 APR 1980

MEMORANDUM FOR: Chief, Audit Staff

VIA: Inspector General

FROM: James H. McDonald  
Director of Logistics

SUBJECT: Report of Audit, Procurement Division,  
Office of Logistics

REFERENCE: Memo for D/L fm C/AS dtd 3 Mar 80, Report  
of Audit, PD, for the Period 1 Nov 76 -  
31 Dec 79 (OL 0-1043)

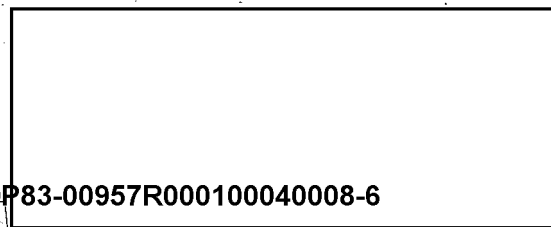
1. This memorandum responds to findings and recommendations concerning the operation of the Procurement Division, Office of Logistics (PD/OL) as set forth in the referent.

Recommendation 1: Consider establishment of a contract settlement branch.

Comment:

a. This Office recognizes the need to focus on the contract settlement process. Our present personnel resource constraints dictate that we attempt to manage this activity within Procurement Division's existing organization. To that end, PD/OL was tasked with a management objective of settling all contracts within six months subsequent to completion of work or, where applicable, within six months from receipt of a final contract audit report.

b. The baseline and procedures to accomplish this task were finalized in January 1980. Between January and March 1980, the Division settled (closed out) 183 contracts. Additionally, 448 contracts were transferred to contract completion status (i.e., in-process-of-settlement). As of 31 March 1980, PD/OL had 1,168 contracts that fall within the contract settlement



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management objective. It is anticipated that the rate of contract settlements will accelerate during the balance of fiscal year 1980 as the new settlement procedures take effect. In the event the Division is unable to accomplish this objective, while at the same time performing other essential functions, I will reconsider the alternative of establishing a contract settlement branch.

Recommendation 2: Determine the disposition of missing contract files.

Comment: A diligent search was made within the Procurement Division and the seven contract files were located. The audit points up an area of current management concern; i.e., the difficulty in controlling official files. PD/OL has, as one of its Management Objectives, the design, development, and implementation of an efficient records management system. This system will ensure that official files can be accessed expeditiously and controlled with minimum use of professionals' time.

Recommendation 3: Require reimbursement to the Agency for non-official use of the Agency vehicle assigned to the [redacted]

Comment: The operational and security aspects of [redacted] dictate that the official vehicle must be removed from [redacted] each night. It is my belief that the intent of [redacted] Reimbursement for Use of Agency Vehicles, is to prevent an employee from taking an unjust advantage of his official position. Such a situation is not present in this case. Chief, [redacted] is required to proceed from his residence to various locations and at various times in the conduct of official business. Parking the vehicle at a neutral location is infeasible because the size of the Staff requires the most effective use of this individual's time; and further, given the economic environment in the local geographic area, commercial parking may raise unwarranted curiosity. For the above reasons, I have determined that Chief, [redacted] must operate this vehicle in

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a quasi-personal manner. He does not utilize the vehicle for personal or non-official business. It is my belief that requiring reimbursement for travel between this individual's residence and his office would be inequitable.

2. I appreciate the observations provided by your Staff concerning the operation of the Procurement Division. It is my goal to ensure that the support rendered by the Office of Logistics is responsive to this Agency's needs and is of the highest professional caliber. Your reports have materially assisted OL in its efforts to achieve this goal.

/s/ James H. McDonald

James H. McDonald

cc: DD/A  
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